

Remarks of Norfolk Mayor Paul D. Fraim
State of the City Address
Friday, February 8, 2013
Norfolk Waterside Marriott

Good afternoon. Each year it's an honor to have this opportunity to review the city's progress and the work that lies ahead as together, we build a better Norfolk, so thank you for being here.

For 15 years, this event has been held under the watchful eye of Chamber president and CEO, Jack Hornbeck. As many of you know, Jack will retire in September after nearly 25 years of service. In that time he's made important contributions to the region, and will leave the Chamber a stronger organization than he found it. Jack, I can't think of a better time than today to thank you for your service and to wish you all the best for the future.

We are also joined today by Congressman Bobby Scott and John Broderick, president of Old Dominion University and our friends in the military. Thank you for being here.

Norfolk and the Commonwealth lost a true champion with the passing of State Senator Yvonne Miller last July. Elementary school teacher, college professor and the first African American woman elected to the General Assembly, Senator Miller was a civil rights champion, an outspoken advocate for the poor and an imposing force in Richmond. She represented Norfolk for 28 years, and we already miss her passionate devotion to the City and to Virginia.

I'm pleased to say the past year was one of steady progress. Major civic and economic development projects moved forward. . . significant improvements were made to our transportation system and others set to begin . . . our partnership with active duty military and veterans was strengthened by new initiatives and our quality of life continued to improve.

But for sheer excitement, nothing could match the extraordinary year for sports in Norfolk. Norfolk State University men's basketball team clinched the MEAC championship and made its first appearance in the NCAA tournament where they upset the number 2 seed Missouri Tigers. This was only the fifth time in tournament history a 15th seeded team had unseated a 2nd seeded team so congratulations Spartans. Athletic Director Marty Miller is here representing Norfolk State.

Highlighted by a record setting 28 game win streak, the Norfolk Admirals demonstrated they were the finest team in the 76 year history of the American Hockey

League and the best minor league hockey team ever assembled. Their 55-18 and 3 season included a sweep of the Toronto Marlies to win the Calder Cup and the American Hockey League championship.

On December 8, the Lake Taylor Titans defeated the Stone Bridge Bulldogs from Loudoun County - 20 to 14 - to win the Group AAA Division 5 State Football Championship. The Titans compiled an undefeated 15-0 season and became the first Norfolk public high school team since 1966 to win a state football championship. We are very proud of them. Head Coach Hank Sawyer is here today along several team members so Coach, why don't you all stand so we can congratulate you.

The still young Old Dominion University football team had another amazing season, advancing to the third round of the FCS Championship and whose quarterback, Taylor Heineke, broke NCAA records on his way to becoming the first player in FCS history to throw for more than 5000 yards. Taylor was the recipient of the Dudley award as the best offensive player in the State, the Touchdown Club's Football Championship Subdivision Player of the Year and the Walter Payton Award winner, the FCS equivalent of the Heisman Trophy. Taylor is here today.

Also here is Head Coach Bobby Wilder who was named the FCS Football Coach of the Year, and All American offensive lineman Jack Lowney. I would ask them to stand as we congratulate them. We are honored to have both of you with us.

But, maybe the most recognized personality to come out of ODU recently is the international star of TV, Internet and University Pizza - Charles the Monarch. Charles is fresh off his appearance on Good Morning America and just managed to squeeze us in today.

Next month, the City welcomes the return of the Mid-Eastern Athletic Conference basketball tournament to Scope. MEAC is headquartered in Norfolk and Commissioner Dennis Thomas and his staff have worked closely with us on arrangements. We're looking forward to a great tournament.

Last year was the 20th anniversary of Harbor Park, home of the Norfolk Tides. This has been a win/win relationship that we want to continue. Ken Young and the Tides organization have been great partners. The City and the Tides are working closely to finalize a new lease that will hopefully keep Triple A baseball in Norfolk for at least another 15 years.

Norfolk is the region's center for business, finance, education, culture, health care, foreign commerce and national defense. We have successfully weathered the worst recession since the Great Depression, balancing the budget in the face of steep State funding reductions without raising the tax rate, while increasing funding for the school system. We are replenishing our reserves and have exceeded our 5% reserve policy for two years running. We saved \$52 million in interest through smart bond refinancings,

and conservative financial management has allowed us to finish each of the last two years with a surplus and to maintain our excellent bond rating.

Continuing what is now a 10-year trend, violent crime fell 3% last year and property crime by fell 8%. For the 10-year period 2002 to 2012, violent crime has fallen 15.5% and property crime over 27%. Total crime is down nearly 26.5%. Each year we are becoming a safer city due in large measure to a vigilant and engaged citizenry and a well-led, committed police department. This past June, Mike Goldsmith, a longtime veteran of the Norfolk Police Department, was elevated to police chief. Mike joined the department in 1989 and worked his way through the ranks. No one knows the streets of Norfolk better. He has our full support. Mike is here today, please welcome Chief Goldsmith.

As the economic recovery gains momentum our own tax revenues continue to recover. Total sales in the city grew 5.5%. Retail sales are up 4.5%, and MacArthur Center reports it had a strong finish with holiday sales increases of 4.5 to 5%. Many stores saw 5 to 10% increases. City-wide, hotel occupancy increased more than 6% and room revenue was up 4.2%. Downtown hotel occupancy increased nearly 12% while room revenue was up over 6.5%.

U. S. Census returns reported that Norfolk had grown in population by 8400 people between 2000 and 2010 – a growth rate of 3.6% - a rate faster than Virginia Beach. Two weeks ago, the State reported that by July 2012, Norfolk's population had grown another 3000 to 245,803. This is a positive sign, and I think we can now safely say that a pattern of population growth is well established.

In another indication of an improving economy, Norfolk International Airport recorded a 5% increase in passenger traffic since July. Delta has added 4 daily flights to New York and 2 to Boston. Further evidence of its faith in the Norfolk market, Southwest has added 3 daily flights to Atlanta. The Airport has also begun \$17 million in improvements to the departure terminal and general aviation facility.

The Port of Virginia reported 2012 was the second best year in its history with volume up nearly 10% from the year before. The Port is a huge economic engine for Virginia. It is responsible for 343,000 jobs. It generates \$41 billion dollars in revenue. And for the past 25 years it has been skillfully led by Joe Dorto, president and CEO of Virginia International Terminals. After 34 years with the Port, Joe will retire at the end of March. Joe is here today, and I ask you to join me in thanking him for all he has done for Norfolk, for the region and for the Commonwealth.

Joe will be succeeded by Joe Ruddy as president and CEO of VIT. Please welcome him.

With over one billion dollars in public and private development nearly completed, underway or planned in 2013, our city is growing and attracting new businesses and new residents.

Three downtown projects representing a combined investment of nearly \$200 million dollars are the Slover Memorial Library, the consolidated courts complex and the MacArthur Memorial's new Visitor Center. Along with the Virginia Maritime Association's handsomely remodeled headquarters, the Visitor's Center makes an attractive addition to the MacArthur Station crossroads. For the past 18 years the MacArthur Memorial has been led by Col. Bill Davis. Bill recently announced he will retire in March. We will miss him. Please join me in thanking him for his service.

After breaking ground in April, construction of the Slover Library - our new, state-of-the-art main library - is on track for a winter 2014 opening. Frank and Jane Batten's extraordinary gifts totaling \$42 million dollars and a fundraising effort of nearly \$6 million dollars, allowed us to accelerate construction by at least a decade - probably more - and on behalf of the City I want to once again thank the Batten family for all they have done and continue to do for the citizens of Norfolk. The Library will be a source of great civic pride and a destination all by itself.

A year after breaking ground and now dominating the intersection of St. Paul's Boulevard and City Hall Avenue, construction of Phase 1 of the courts complex is moving swiftly towards a scheduled completion one year from now. Work begins on Phase 2 next year with an early 2015 completion. When finished, our justice system will have 315,000 square feet of new, secure and technologically advanced space.

Downtown also welcomed Urban Outfitters to Granby Street and sales are doing well. Urban Outfitters could have gone to any city in the region but chose downtown Norfolk for its central location and for its concentration of business, educational and cultural assets. Its opening was a major step forward in efforts to bring retail back to Granby Street where the creative energy of new high tech companies, the arts, retail and new fusion cuisine combine to offer a wide variety of activities for all ages. To celebrate the Granby Street experience, the City together with Granby Street businesses and the arts community hosted Meet, Greet and Imagine on Granby Street. This outdoor event was hugely successful and achieved its goal of promoting Granby Street. Look for more this year.

Following a rigorous RFP process, the City selected The Cordish Companies of Baltimore for the job of revitalizing Waterside. Cordish will invest \$28 million dollars in transforming the facility into Waterside Live, a venue featuring restaurants, a market area and performance space. Waterside Live! is hoped to bring upwards of 1000 new jobs and generate an estimated \$93 million in direct revenue to the City over 30 years. In accordance with input received from the public, it will be a family oriented facility and, as the illustrations clearly show, most of the original structure will be preserved. Construction is expected to take 18 months, meaning that we can expect a new Waterside to be open before the end of 2014. We're pleased to have Michael Stoltz, leader of the Cordish Norfolk Team, here today. An RFP to modernize the Waterside Marina will be issued shortly.

After some difficult years, the real estate market is showing signs of recovery. The number of distressed sales fell more than 30%. Year-over-year home sales increased 4.2%, and the median price for homes increased 5.1%. \$170 million worth of new residential projects completed, underway or announced will add nearly 1000 new housing units. This includes the 81 unit Riverview Lofts in Fort Norfolk that is now leasing, the 187 unit Promenade Point under construction at Roland Park, last month's approval of the 164 unit Elements on Ghent and a 136 unit development at East Beach that gets underway next month.

It also includes four projects downtown: the renovation of the historic Wainwright Building into 126 apartments; a new 65 unit project at 401 Granby Street and a 71 unit project at 416 Boush Street. Along with U. S. Development's planned renovation of the former Union Mission into the 122 unit Rockefeller Apartments these projects, when occupied, will push the number of downtown residents over 4500.

In Ocean View, Homearama returned to East Beach for an unprecedented third time, lot and home sales climbed to their highest level since 2006, and plans are being submitted for the development's final phase. At Harbor Walk, 157 new condominiums valued at \$25 million dollars are under construction and scheduled for completion this July.

In a recent positive development, the city council has committed to purchase the Travelers Inn which sits on bay front property at the intersection of Ocean View Avenue and Chesapeake Boulevard. This is an \$800,000 dollar acquisition that will provide the first expansion in decades to the public beach and park.

Additional evidence of a strengthening economy was the council's approval of a project that will redevelop 3.5 acres on 21st Street between Hampton Boulevard and Colley Avenue with a Fresh Market gourmet grocer and a two-story medical office building to be occupied by Bon Secours. This \$17.5 million development is expected to generate more than \$200,000 annually in revenue over the next 10 years and create about 130 new well-paying jobs in Ghent.

Anchored by a high-end Harris Teeter store, the new \$18 million dollar, 70,000 square foot Suburban Shopping center is under construction at Wards Corner, and developer Chris Perry reports that all but one space has been leased or spoken for. This is a tremendous vote of confidence by the private sector in the future of Wards Corner.

Across Little Creek Road, the \$1.2 million dollar remodeling of the Midtown Shopping Center is complete, as is an \$8 million dollar remodeling of Southern Shopping Center. Work begins this summer on a \$4.8 million dollar project to renovate the Tidewater Drive - Little Creek Road intersection.

In Denby Park, 68 apartment units were acquired and demolished last year, and the council has voted to acquire 37 more units this year for \$1.4 million dollars. And it's worth noting how proud we are of Norfolk Collegiate's \$8.5 million dollar Center for the

Arts built on its Granby Street campus and scheduled to open next month. All of this has been well received by the Wards Corner civic and business community.

Construction of the Ray and Joan Kroc Community Center in Broad Creek is on track for a late spring opening. Including the endowment, this is a \$96 million dollar investment, and I want to say to the Salvation Army board how much we appreciate its support for the project. Special thanks go to Josh Darden who was almost entirely responsible for the \$28 million dollar local fundraising. Thanks also to Frank Batten, Jr. and our other partners who participated in the private fundraising. The magnitude of this project will serve to stimulate further revitalization in this area of the city.

Even now the Housing Authority is planning for the next phase of the redevelopment project – Broad Creek Station – a mixed-use development on the south side of Virginia Beach Boulevard. An anchor branch library is also being planned as well as a new elementary school.

Today, I want to recognize two long-time Norfolk manufacturers who are successfully competing in the global economy. First is Paramount Sleep, a third generation family-owned mattress manufacturer located in Norfolk Industrial Park that celebrates its 80th anniversary this year. In a bold move to expand its market overseas, on July 4th Paramount closed a deal to begin selling their products in China. Just days ago, shipment was made to a second Chinese distributor with 60 stores. This is a remarkable achievement for any U.S. small business. Imagine. Mattresses built in Norfolk, shipped to and sold in China. What a market! Arthur Diamonstein, Paramount President and CEO, is here today. Please join me in congratulating him and Paramount.

Next is a company that has been operating in Norfolk quietly but with worldwide impact since 1976 . . . Bauer Compressors. Bauer employs 185 people at its U. S. headquarters, also in Norfolk Industrial Park. It is the world's leading manufacturer of high pressure compressors, and more than half of its products are exported, most through the Port of Virginia. Last November, Bauer announced a major \$15 million dollar expansion that will grow their facility by 31,000 square feet – nearly doubling it – while adding up to 130 new employees. Joe Stark and Chris Traugh from Bauer Compressors are here today. Please help me thank them for their confidence in Norfolk.

I'm also pleased to recognize our newest corporate citizen – Amerigroup/Wellpoint. Amerigroup is a Fortune 500 company, and one of the nation's leading managers of publicly funded health programs. Amerigroup is expanding to the Lake Wright Executive Center where it will occupy all of USAA's former headquarters. 500 employees have already moved into the building, and that number will approach 1200 over the next year or so. This is a \$20 million dollar investment and the largest business relocation to Norfolk in decades. Kevin Riordan, vice president of government relations with Amerigroup is here. Please join me in welcoming him and Amerigroup to Norfolk.

In other developments, WR Systems – a global provider of technical solutions to the maritime, health and government sectors – recently secured orders from China, Japan and Korea for its emissions monitoring system. EOS Surfaces – a manufacturer of solid surfaces – will cut the ribbon on its innovative new line of anti-microbial hard surface that will be installed in Sentara’s new Leigh Hospital in what is believed to be the largest clinical trial in the world. And Tidewater Fleet Supply and Nash Finch are expanding operations in Norfolk Industrial Park.

These companies and others are helping diversify the city’s economy and reduce dependence on defense spending which, at \$21 billion dollars, comprises more than 45% of the region’s economy. Over time we’ve worked hard to diversify our economy, but we need to work even harder. Congress’s failure to adopt a budget has already caused the Navy to order expenditure reductions. The potential calamity from sequestration threatens more, deeper and damaging reductions in defense spending and national security. This is unimaginable. Everyone here should take time to contact our congressional delegation and demand they oppose these deep defense cuts.

One area with potential to help reposition the city’s economy is technology. With our location midway between the Washington metro area and the Research Triangle, with Norfolk State University’s RISE Center and Old Dominion University’s Innovation Research Park and Modeling and Simulation Center, along with the medical school’s expanded research facilities, our improved transportation system, a dynamic and diverse downtown and a solid core of high tech businesses to build on, all the right assets are in place.

Anchored by Dominion Enterprise’s headquarters, the Granby Street corridor has become a magnet for technology companies like xTuple – an open source software company used by businesses worldwide. Founded in 2007 by Norfolk native Ned Lilly, xTuple grew by 35% in 2011. It grew by nearly the same amount last year, increased its staff by 40% and is adding 3,500 square feet of additional space.

Other digital technology firms on Granby Street include Grow Interactive, Ciniva Web Agency, ArtSmith Media and Sway Creative Labs.

Last June, Hatch – a mentor-based accelerator program for technology and design entrepreneurs– accepted five new start-ups to its inaugural class. The winter class of 5 additional start-ups got underway last month.

Our improving climate for entrepreneurship was highlighted by the naming of four local companies - including ArcDNA and Zack Miller of Hatch by Virginia’s Center for Innovative Technology to the Top 50 List of Next Generation Entrepreneurs.

I’ve noted on previous occasions that Norfolk has more jobs – nearly 210,000 - than adult residents. We continue to lead the region in total average compensation per job, and our unemployment rate has fallen from 8.1% a year ago to 7.2%. That is better, but still too high, and our poverty rate is too high. A large segment of our workforce

lives outside of Norfolk. We must do more to connect Norfolk residents with Norfolk jobs. To address this persistent problem, later this month the council will appoint a blue-ribbon task force that over the next year will examine the nature of poverty in the city and recommend actions that will result in increased educational attainment, job training and employment among individuals and families living in poverty.

Led by Sentara Health System – the city’s largest private employer - the health care industry employs more than 22,000 people in Norfolk. With an aging population and the new Affordable Care Act, it is also a growth industry. Sentara is presently building a new \$126 million dollar Leigh Hospital on Kempsville Road.

Bon Secours has broken ground on its \$22 million dollar Medical Plaza building at DePaul Medical Center and is moving forward on plans to replace the main hospital – all of which will improve health care in the city and boost the Wards Corner economy. And this fall, Lake Taylor Transitional Care Hospital will complete \$25 million dollars in improvements that include a new wing and renovation of the entire facility. I can’t think of a better way for the Lake Taylor Hospital Authority to celebrate its 25th anniversary.

The heart of the region’s health care system is Eastern Virginia Medical School, and this year it celebrates its 40th anniversary. It is a priceless asset that provides high quality health care for our citizens and performs cutting edge research. One of its most valuable contributions is that 23% of the region’s physicians are EVMS graduates. An important benefit of the school’s new education and research building is it allows for 30 extra MD students per year. This year, MD enrollment is 530, up from 470 in 2010 with increases in faculty and staff.

For the past eight years the medical school has been ably led by Harry Lester. His leadership, vision and relationship-building skills have produced such achievements as securing State funding for the school’s new education and research building, a highly successful capital campaign, the renovation of nearly all campus facilities – including the recently completed \$5 million dollar renovation of the Strelitz Diabetes Center – and recruitment of nationally known researchers. Perhaps of greatest significance, the medical school is now included in the State budget for annual funding on par with Virginia’s other medical schools. Last month, Harry announced his intention to step away as president of the medical school. While he could not be here today, I want to extend thanks and appreciation on behalf of the City for the outstanding job he has done. He will be ably succeeded by the medical school’s provost and dean, Dr. Rick Homan. Dr. Homan is here today so please join me in welcoming him to his new role.

Norfolk is the military capital of the world, and we are proud of the historic role we’ve been privileged to play in defending our nation. We are home to the world’s largest naval base . . . the North American headquarters of NATO . . . headquarters of Fleet Forces Command and to several Coast Guard Commands including Maintenance and Logistics.

With us today are U. S. Fleet Forces Commander Admiral William Gortney, NATO's Deputy Supreme Allied Commander Transformation General Mieczyslaw Bieniek and Coast Guard Force Readiness Commander Rear Admiral Stephen Mehling. Gentlemen, thank you for being here. The men and women stationed here are important members of the Norfolk family, and we appreciate all they are doing to keep us safe at home by their service abroad.

With the war in Afghanistan winding down and troop withdrawals from Iraq completed, we will welcome home growing numbers of veterans. To assist them in transition to civilian life, the City has established a Workforce Development and Veterans Services initiative within the department of economic development.

We have set a goal for Norfolk to be the best city in the country for the military to do business and the best city for veterans to live and work. Additional actions taken last year are helping us achieve that goal. The council established a Military Economic Development Advisory Committee for strengthening the City's relations with all military and Federal entities. It also established an Advisory Commission on Veterans Affairs to inform us on issues that are important to veterans.

Nauticus just had one of its best years, but a little known fact is that since its docking in downtown 13 years ago, the Battleship *Wisconsin* has hosted more than 5200 military events, more than 400 a year on average welcoming over 187,000 active duty military and their families to the ship.

We are proud to be the first municipality to participate in the Virginia Values Veterans program. Sponsored by the Commonwealth, the V-3 initiative is designed to encourage Virginia companies to hire and retain Veterans for at least one year. Participating employers have committed to hiring over 1700 Veterans this year. The City of Norfolk has attained a Bronze Level "Vet Strong" certification. In attaining this certification, the City underwent an assessment of its readiness to hire veterans and committed to hiring 105 veterans this year. Norfolk has also agreed to serve as a municipal model for the V3 program and has designed a Veteran hiring and retention training and implementation program.

Join me in expressing our deep appreciation for the service and sacrifices of all our veterans, active duty personnel and first responders.

For our public school system, the past year was one of achievement and serious challenge. Based on overall performance, our students continue to succeed academically as seen in the selection of Micah Lemelle and Drema Johnson as Gates Millennium Scholars. It is seen in Norview High School's selection by the MetLife Foundation National Association of Secondary School Principals' as one of 10 Breakthrough Schools in the country for outstanding efforts at improving student achievement. And I'm proud to say that our student drop out rate improved dramatically last year.

Still, our school system faces challenges that must be addressed fully and forthrightly, beginning with improving test scores and increasing the number of fully accredited schools. After his arrival last July, Superintendent Dr. Samuel King moved swiftly to implement system-wide changes to improve student performance. Dr. King is here today so please welcome him.

The nature and scope of the challenges have been identified and corrective measures are being applied. The council expects academic performance to improve, and is committed to doing its part to help. A big part of that commitment is money. It is important to note that Norfolk did not retreat from its financial commitment to the school system during the recession. From fiscal year 2007 to 2013, city support increased 9.8% or nearly \$10 million dollars for operating expenses. While the City was stepping up the State was cutting funding for Norfolk Public Schools 10.2% or nearly \$20.5 million dollars over the same period.

As part of our commitment to build five new schools over a six-year period, a \$31 million dollar Crossroads K-8 school was dedicated in September. \$39 million dollars is in next year's budget for the construction of two new schools. That's great, but we need to do more. I intend to engage the community in a discussion this spring about the need to raise additional revenue for technology upgrades, school maintenance, and for the construction of two schools to replace ones built in 1929 and 1939. Our children deserve better. They deserve our best. Having four schools under construction at the same time would be unprecedented in the city's history. But I know we are up to the task.

Investing in the arts enhances our quality of life and is good for economic development. Another reason to invest in the arts is for their proven ability to change people's lives, especially our young people. A wonderful example of this is the RISE! program at the historic Crispus Attucks Theatre. RISE! offers young people significant exposure to the arts as a way to develop positive values, healthy habits and skills they need to be effective at home, at school and at work. Last fall, RISE! was one of 12 programs selected to receive the 2012 National Arts and Humanities Youth Program Award, the highest honor awarded to such programs in the United States. The award was presented by First Lady Michelle Obama to RISE! director Gail Easley and RISE! student Tiffani Prigrom. Gail is here today and I would ask you to help me congratulate the RISE! program on this national recognition.

Three hundred and fifty-five young aspiring high school artists from across the region who attend the Governor's School for the Arts will soon report for class at one location instead of six thanks to a renovation of the historic Monroe Building on Granby Street. This \$9.5 million dollar regionally funded project is scheduled for completion by the next school year. Not only will we save this historic building, the collective energy of all these young artists in downtown will be good for our spirit and our economy.

Last year, the Virginia Arts Festival brought nearly 58,000 patrons to Norfolk and the region from 42 states and seven countries. This generated an economic impact of \$9.2 million dollars locally and \$17.4 million statewide. The Festival is helping us create

a performance economy, and for its 17th season will feature performances by Britain's Birmingham Royal Ballet, Garrison Keillor's *A Prairie Home Companion*, Broadway legend Audra McDonald and its signature event – the Virginia International Tattoo with 850 performers.

A different kind of festival shone an international spotlight on Norfolk when Festevents was awarded the prestigious Grand Pinnacle Award by the International Festivals and Events Association for OpSail 2012 Virginia. OpSail was an amazing event that brought hundreds of thousands of visitors to the downtown waterfront for the Commonwealth's signature event commemorating the bicentennial of the War of 1812. Festevents competed with such events as the Kentucky Derby and the National Cherry Blossom Festival. This is the highest honor in the event industry, so please join me in recognizing Karen Scherberger and all the folks at Festevents for bringing us a world-class event.

While The Chrysler Museum's doors are temporarily closed for construction of its \$24 million dollar expansion, the Glass Studio remains open. In the space of just one year, the Glass Studio has made Norfolk a "hot" new and internationally recognized center not just for the study and display of glass art, but also for its creation. It has enabled the Museum to bring the world's greatest glassmakers to town as visiting artists, and sparked educational partnerships with the Governor's School, Old Dominion University and Virginia Wesleyan. The Glass Studio has created an extraordinary buzz, it has attracted new and untraditional visitors to the Museum and is well positioned to be an anchor for the proposed new arts district.

This year, Norfolk Botanical Garden celebrates its 75th anniversary. Approved under President Franklin Roosevelt, the Garden was built by more than 200 African American women and 20 men. Today, it is a 155 acre oasis of open space with more than 40 themed gardens.

Our Virginia Zoo is now drawing 500,000 visitors a year and continues to improve the quality of its exhibits. This year a \$4.25 million dollar animal hospital and wellness center will open.

Improvements and additions to our recreational facilities include an expanded Therapeutic Recreation Center, a \$7.7million dollar Aquatics Center on the Southside that will open this summer, a new recreation center at Crossroads School and a new \$1.9 million dollar gym for the Ingleside community and children that opened last month.

Park Place residents will soon be able to enjoy a YMCA Family Center. This \$8 million dollar facility was made possible through a partnership between the Y, the Hampton Roads Community Foundation, the Landmark Foundation and the city, and meets a longstanding need for the community.

Work is also underway on a design for Bay Oaks Park in Ocean View and on significant upgrades to Barraud Park which will include a new boxing center for our

youth. The boxing program instills character and citizenship in its young boxers and is led by Coach Gloria Peek, the first woman to coach boxing at the Olympic level. Presently the program has a waiting list of nearly 200 kids. They deserve a new facility. Coach Peek is here. Please congratulate and thank her.

Norfolk was fortunate to have escaped the devastating impact Hurricane Sandy had on the northeast last October. Even so, it underscored our vulnerability to storm surge and tidal flooding, and gave greater urgency to work occurring on several fronts to reduce flooding.

In the past two years \$14 million dollars has been spent on storm water and flooding projects across the city, and we continue to pursue federal funding through the Army Corps of Engineers for major flood reduction projects including the Hague and Pretty Lake. One encouraging signal came last summer when the United States Senate authorized the Army Corps of Engineers to proceed with a feasibility and environmental impact study of storm surge and tidal flooding in the city. We have already been to the White House where we met with officials of the Office of Management and Budget to advise them we will be seeking flood mitigation funding no later than the 2015 federal budget, probably in the amount of \$1 billion. The cost of these projects together with the long lead time for federal funding approval, makes this a multi-year process.

These and other actions have led Norfolk to be recognized as a national leader in flood prevention and planning by the *New York Times*, Public TV, National Public Radio and the *Washington Post*.

In our efforts to end homelessness we have found permanent supportive housing to be a highly effective way to help homeless individuals return to being productive members of the community. December's opening of the 60-unit Heron's Landing in Chesapeake brought the region's total number of units to 324. When you consider that just 6 years ago no supportive housing existed, this is an amazing achievement. Along with Virginia Supportive Housing, we are now planning a second mixed use workforce apartment development in Norfolk.

These and other efforts by the City to end homelessness were recently recognized by the 100,000 Homes Campaign for meeting the national goal of housing the chronically homeless. This places us among an elite group of 17 cities nationwide to receive this designation.

Transportation is destiny, and our destiny has improved with the substantial progress to our transportation and transit systems made this year and with more improvements on the way.

Last August the The Tide celebrated its first anniversary, and the Commonwealth's first light rail system has exceeded every expectation. With passenger counts averaging more than 5400 riders each weekday, it is well on its way to doubling the number riders initially estimated by the Federal Transit Administration . . . not bad for

the smallest city in the nation to build a light rail system. The Tide's success led the Norfolk city council to ask HRT to initiate a study for extending light rail to the Naval Base. It also gave citizens in Virginia Beach the comfort they needed to support a referendum to continue current studies for extending The Tide east from Newtown Road, and for their city council to agree to pursue financing and development options. These are welcome decisions and help move us closer to a regional light rail system.

On 12/12/12 we all cheered when intercity passenger rail returned to Norfolk at Harbor Park - not just on time, but almost one year ahead of schedule thanks to some outstanding teamwork by the Governor, the General Assembly, the Department of Rail and Public Transportation, AMTRAK, Norfolk Southern and CSX. Representing that team here today is Thelma Drake, director of Rail and Public Transportation. Please join me in recognizing their great work. (Lead Applause) Almost 6500 passengers rode the train in December – double what AMTRAK projected. We are hopeful the success of passenger rail will lead to additional train service in the near future.

All this happened faster than expected or hoped for, and faster than we could build a passenger station. This \$3 million dollar building is now under construction and scheduled to open in October.

This is a good moment to say how proud we are to be home to the Norfolk Southern Corporation, the nation's premier transportation company. Formed by the merger of the Southern Railway and the Norfolk and Western, the NS is one of the best run, best managed Fortune 500 companies in the nation. It is vital to the Port and vital to the local and State economies. Last June Norfolk Southern celebrated its 30th anniversary, so please join me in congratulating CEO Wick Moorman and everyone at Norfolk Southern on this milestone.

To support the emerging shift to a more balanced regional transportation system, the City recently committed to build a \$4 million dollar modern bus transfer center along St. Paul's Boulevard near Wood Street. Located within walking distance of light rail and the downtown business district, the transfer center will enhance passenger comfort and safety and better integrate bus, light rail and passenger rail systems in the area.

On January 10, ground was formally broken on the long-awaited second Midtown Tunnel. This \$2.1 billion dollar regional improvement has been decades in the making. When complete in 2016, it will reduce traffic congestion and improve access and the flow of goods into and out of the region. It will also create jobs. All of this will strengthen our economy.

Two additional road projects – the Hampton Boulevard Underpass and the I-564 Intermodal Connector - will improve access to the Port and to the Navy Base while easing traffic congestion on the west side of the city. When finished next fall, the new \$38 million dollar Hampton Boulevard underpass will eliminate significant delays caused by trains coming from the port. With help from the Navy, the Interstate 564 Intermodal High-Speed Connector can be advertised in about six weeks with construction beginning

early next year. When complete, this \$169 million dollar project will give trucks direct interstate access to and from the port and should reduce truck traffic on Hampton Boulevard. It will provide direct access to the Navy Base and is also the first phase of the all-important Patriots Crossing.

The Patriots Crossing diverts traffic from, and thereby reduces congestion at the Hampton Roads Bridge Tunnel. It creates new strategic economic growth opportunities, supports naval and military readiness and links port facilities. With a transit component, it supports a multimodal option with the Peninsula. It does all of this at less expense and without the devastating environmental damage the recently released Environmental Impact Statement documents concerning the widening of the HRBT.

Let me be clear. For these and other important reasons, the City of Norfolk supports the construction of the Patriots Crossing. Further, the City of Norfolk opposes any widening of the Hampton Roads Bridge Tunnel.

Of course, even if the Commonwealth agreed to move forward with another crossing of the harbor, there are no funds available to do so. In fact, the State is expected to run out of construction funds before 2017. Almost everyone agrees the State needs at least \$1 billion dollars per year in new revenue for transportation.

Of the many ways being proposed during this General Assembly session to raise revenue for transportation, they all fall short of the need demonstrated to build and maintain the transportation system our economy demands. We must urge our General Assembly members to do better.

There are several options for closing the revenue gap, but one of them should not be diverting money from the State's General Fund. As I said earlier, State funding for Norfolk Public Schools has declined by approximately \$20 million dollars. The City has back-filled that decline up to \$10 million dollars in additional local money, just as we have back-filled cuts to public safety, to health and human services and more.

It is well-documented that the State invests less in education today than it did in 2008. Our need for a 21st century transportation system does not trump our need for a 21st century education system for our children, and they should not compete in the budget process. The transportation system we need and deserve demands its own dedicated, reliable and sufficient source of money. Again, we must urge our State leaders to do better.

When you step back and look at the short and long term trends, you realize that our economy has come through some very rough times in pretty good shape. Our fiscal health is seen in a doubling of the city's assessed real estate values between 2002 and 2012 from \$8.6 billion to \$17.4 billion dollars. It is seen in the fact that our job base continues to expand with more jobs than adult residents.

Our downtown is growing and so is our economy. The budget is well-managed. We have an excellent bond rating. Local revenues are showing positive year-over-year growth with sales up 5.5% over last year. We continue to lead the region in total average compensation per job. The unemployment rate is improving and our population is showing healthy growth. We are focused on economic diversity. Outside of the military, no single employment sector accounts for more than 17% of total employment.

Our colleges and universities are making investments that contribute to the city's economy and add to its reputation as a center for higher education, for medicine, for technological innovation and entrepreneurship.

We are a safer city.

Our quality of life continues to improve.

With the addition of passenger rail service and start up of the Midtown Tunnel and I-564 Connector, major improvements are being made to our transportation system.

Together, this is compelling evidence of the underlying strength of the city's economy, of the City's sound financial stewardship and of the private sector's confidence in the city's direction.

With help from each of you here today, we are making steady progress in building a better Norfolk. The future is brighter, and it is my honor to serve alongside my city council colleagues as together, we work with you to make Norfolk the best it can be. This is why I can say with confidence that the state of this old seaport city is sound.

Thank you for your commitment and for all you do to make Norfolk a better home for our families, for our children and for our grandchildren. God bless you and God bless the City of Norfolk.